ACEA

European
Automobile
Manufacturers
Association

Press Release

# European Investment Bank loans underline importance of the automobile industry for Europe's economy

**Brussels, 12 March 2009 – The European automobile manufacturers welcome the € 3 billion in loans freed today by the European Investment Bank (EIB) to finance automotive projects, most of them concerning 'green' investments. As the Bank indicated, in total around € 7 billion will become available in the first half of this year and its budget allows maintaining similar levels of financing until 2012. "The arrangement with the EIB underlines the importance of the automobile industry for investments, R&D and employment in Europe as a whole", says ACEA secretary general Ivan Hodac.**

The EIB loans will contribute to meeting environmental requirements but are insufficient to confront the extraordinary economic circumstances. There is an immediate need for access to financing in general. "At the moment the financial markets are not functioning despite billions in government aid to financial institutions", adds Hodac. Both vehicle sales and automotive manufacturing are largely dependent on credit and financing because of the capital-intensive nature of the industry and the relatively high purchasing price of the product.

The EU must tackle the automobile industry's problems with utmost priority. "Viable businesses are at stake and the EU risks doing too little too late", adds Hodac. "This is not a question of 'bailing-out' but of securing a healthy and fundamental industry." Another step that the EU has to take is avoiding additional costly vehicle legislation for a number of years.

The European automobile industry is a competitive, € 550 billion turnover industry with a strong commitment to manufacturing world-leading, high-tech automobiles in Europe. The sector is particularly hard hit by the economic recession as it suffers from the extraordinary credit crunch as well as an unprecedented sharp drop in vehicle demand. Lower levels of automotive manufacturing in Europe have a large spiraling effect on the wider economy because of the thousands of small and medium sized companies involved in the supply chain, vehicle sales and after-sales services.

"The automotive industry is essential to the EU economy. It is the engine of the manufacturing industries, one of the biggest employers in Europe, the largest investor in innovation and R&D, and a formidable export force", said Hodac. The relative overcapacity in the industry, though often cited, is not a reason for the troubles that auto manufacturers are currently facing. "Overcapacity has and will continue to be addressed by the automobile manufacturers as part of a long-term strategy to strengthen their global competitiveness and ensure a high-skilled workforce. The cause of the current crisis is the unprecedented credit crunch and the rapid deterioration of all key automotive markets. The European automobile industry is taking its responsibilities; now European policy makers must follow."

The ACEA members are BMW Group, DAF Trucks, Daimler, FIAT Group, Ford of Europe, General Motors Europe, Jaguar Land Rover, MAN Nutzfahrzeuge, Porsche, PSA Peugeot Citroën, Renault, Scania, Toyota Motor Europe, Volkswagen and Volvo. They provide direct employment to more than 2.3 million people and indirectly support another 10 million jobs. Annually, ACEA members invest €20 billion in R&D, or 4% of turnover.

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